



UNITED STATES ATTORNEY'S OFFICE EASTERN DISTRICT OF VIRGINIA

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FOR IMMEDIATE RELEASE:

January 11, 2007

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RICHMOND MAN SENTENCED FOR CONSPIRACY TO DEFRAUD THE UNITED STATES

(Richmond, VA) - Cecil Lucas, age 72, of Richmond, Virginia, was sentenced today to 40 months in prison for conspiring to defraud the United States by failing to pay personal, corporate and employment taxes from 1994 through 2003. Lucas pled guilty to the charge on September 12, 2006. Chuck Rosenberg, United States Attorney for the Eastern District of Virginia; and, Charles R. Pine, Special Agent-in-Charge, Internal Revenue Service, Criminal Investigation Division, Alexandria Field Office, made the announcement after sentencing by United States District Judge James R. Spencer.

Between 1994 and April 2003, Lucas owned and operated a series of business entities engaged in the development and marketing of proprietary software. He has acknowledged that during this time, he evaded the payment of employment taxes as well as the payment of a trust fund penalty assessed against him personally. The total tax loss exceeded \$2.8 million.

As part of the conspiracy to defraud the United States, Lucas has admitted, he changed the name of his business on several occasions to prevent the Internal Revenue Service ("IRS") from ascertaining whether he had income and assets to pay the assessed taxes. From 1993 through 1996, Lucas operated his software business under the name MLPS Software Systems, Inc. In 1997, he changed the name of his software company to Software Unlimited and then reincorporated as Software Connections in February 1998. He operated under the latter name until October 2000. Despite frequent name changes, the business, including its product, clients and employees, stayed virtually the same.

Lucas also withheld employment taxes from employees of the businesses and failed to pay over the withheld amounts to the IRS. Lucas used these funds owed to the United States to keep the business afloat and to fund a lavish lifestyle, including taking substantial sums from the business accounts for deposit in personal banking and investment accounts and for the payment of personal expenses and the acquisition of personal and real property.

The IRS made assessments against MLPS Software Systems, Inc., and Software Connections in the amount of \$2,805,585. The IRS also made an assessment against Lucas, personally, for a Trust Fund penalty relative to the MLPS employment taxes, in the amount of \$799,408.25.

This case was investigated by the Internal Revenue Service-Criminal Investigation Division. Assistant United States Attorney Elizabeth C. Wu prosecuted the case for the United States.

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